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DEPARTMENT OF STATE

EXECUTIVE SECRETARY

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DATE 10 AUG 1981

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The Under Secretary

Subject: A Positive Military Policy

Ambassador Rankin has suggested, in the attached despatch, that a comparatively modest addition to our present level of assistance to Formosa could produce a large percentage of increase in Chinese offensive capabilities. Specifically, this would mean within 12 months an increase to 36 divisions (of 11,000 men each) from the present level of 21 divisions directly supported by the US. Seven other divisions are not, at present, directly supported.

He realizes that unless planning incorporates the possible utilization of such an increment in strength it is questionable whether a large US outlay in Formosa over and above minimum defense needs can be justified. However, he sees possibilities in several directions, the most obvious being a return to the mainland. Periodic examination of this possibility, he adds, is essential since this aim and its promise of success is the hope which keeps morale on the island from collapsing. The added offensive power would of course be an effective deterrent or diversionary force in case of Communist aggression in Southeast Asia or elsewhere. An attack upon Hong Kong by the Communists, for instance, might result in a landing in Bias Bay by the Nationalists and a drive to Canton. It will also be ready to exploit any weakening of the Communist control of the mainland or help defend the Free World in the contingency of general war.

The question remains whether Formosa is willing to make the necessary effort if we provide the opportunity. If so, one of their most urgent tasks would be to lay their cards on the table and let the US public and government know more about its actual and potential claims to the support of the Chinese people. This could be provided by answering specific queries as to the progress of reform, self-government, freedom of expression, civil rights, economic policy, etc. The answers, he believes, will demonstrate an improving trend which gives promise of gaining sufficient support on the mainland, particularly since, in his judgment, a substantial majority of the politically-conscious elements of the Chinese population is now in latent opposition to the Communist rulers.

M. K. Scott

Attachment:

As stated,

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